PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 12-0012

WHEREAS, on November 5, 2002, the voters of the City and County of San Francisco (the "City") approved Proposition E, which among other things, authorized the San Francisco Public Utilities Commission (the "Commission") to issue indebtedness, including revenue bonds, notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City (the "Board"), for the purpose of reconstructing, replacing, expanding, repairing or improving wastewater facilities under the jurisdiction of the Commission (the "Wastewater Enterprise"); and

WHEREAS, pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"), enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board established a procedure pursuant to which the Commission may issue short-term indebtedness, including the issuance of commercial paper in anticipation of the issuance of its revenue bonds; and

WHEREAS, the Commission has previously authorized pursuant to Resolution No. 06-0164, approved by the Commission on September 26, 2006, and the Board has previously approved pursuant to Ordinance No. 266-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006, the establishment of a commercial paper program for the Wastewater Enterprise (the "Wastewater CP Program") and the issuance of up to $150 million in principal amount of commercial paper notes ("CP Notes"); and

WHEREAS, in order to provide liquidity for the payment of maturing CP Notes, the Commission has previously authorized, executed and delivered a Letter of Credit and Reimbursement Agreement, dated as of February 1, 2007, between the Commission and BNP Paribas, San Francisco Branch (the "BNP Credit Agreement") and an Issuing and Paying Agent Agreement, dated as of February 1, 2007, by and between the Commission and U.S. Bank National Association; and

WHEREAS, the BNP Credit Agreement will terminate by its terms on February 13, 2012; and

WHEREAS, pursuant to Board Ordinance No. 266-06 the Commission is authorized to negotiate and execute another credit or liquidity facility to support the CP Notes and any additional agreements related thereto; and

WHEREAS, the Commission issued a request for bids from qualified banks to provide for one or more substitute letters of credit or revolving lines of credit to secure the payment of the CP Notes; and

WHEREAS, after an evaluation of the responses to such request for bids, the Commission staff determined that the substitute revolving lines of credit, each in the principal amount of $75 million, offered by JPMorgan Chase Bank, National Association and U.S. Bank National Association (each a "Bank" and collectively the "Banks") were the most advantageous to the Commission; and

WHEREAS, the proposed forms of the Revolving Credit and Term Loan Agreements and related Fee Agreement (the "Revolving Loan Agreements" and "Fee Agreements", respectively) to be entered into by the Commission and each of the Banks have been presented to the Commission and filed with the Secretary, and the Commission finds it in its best interest to enter into such agreements; and

WHEREAS, the Commission will issue a separate series of CP Notes secured by each Revolving Loan Agreement; and

WHEREAS, in order to accommodate the use of each Revolving Loan Agreement (instead of the existing BNP Credit Agreement), the Commission finds it appropriate and in its best interest to execute a new issuing and paying agent agreement (the "Paying Agent Agreement") with U.S. Bank, National Association, as issuing and paying agent (the "Paying Agent") for each series of CP Notes; and

WHEREAS the forms of the proposed Paying Agent Agreements have also been submitted to the Commission and filed with the Secretary;

Now therefore be it RESOLVED by the Public Utilities Commission of the City and County of San Francisco, as follows:

FURTHER RESOLVED, Approval of Revolving Loan Agreements. The Revolving Loan Agreements and Fee Agreements, in substantially the forms submitted to this Commission, and are hereby approved and recommended to the Director of the City's Office of Public Finance (the "Director") for approval pursuant to Article V. The General Manager of the Commission (the "General Manager") or his or her designee is authorized and directed to execute and deliver each Revolving Loan Agreement and Fee Agreement, subject to such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of each such Revolving Loan Agreement and Fee Agreement.

FURTHER RESOLVED, Approval of Paying Agent Agreements. The proposed forms of the Paying Agent Agreements between the Commission and the Paying Agent, submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to Article V. The General Manager or his or her designee is authorized and directed to execute and deliver to Paying Agent Agreement, subject to such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of each such Paying Agent Agreement.

FURTHER RESOLVED, Limitations. Consistent with Ordinance No. 266-06, in no event shall the CP Notes exceed $150,000,000 in aggregate principal amount and in no event shall the interest rate or interest rates cause the aggregate average interest cost to exceed 12% per annum, and in no event shall the term of any bank reimbursement obligation exceed 10 years.

FURTHER RESOLVED, Offering Memorandum. Consistent with Ordinance No. 266-06, the General Manager or his designee, in consultation with the City Attorney and the Director, is hereby authorized and directed to prepare and cause the distribution of an Offering Memorandum relating to the CP Notes, in substantially the form on file with the Commission, subject to such additions thereto and changes therein, and any amendments or supplements thereto from time to time which the General Manager, in consultation with the City Attorney and the Director, shall approve.

FURTHER RESOLVED, Further Actions; Extensions of Term of Revolving Loan Agreements. The General Manager or his or her designee, and in consultation with the City Attorney and the Director, is hereby authorized and directed to execute such other agreements, certifications or documents and to take any and all necessary action expeditious to the

replacement of the BNP Credit Agreement and in furtherance of the marketing and sale of the CP Notes, including, without limitation, any amendments to the dealer agreements relating to the CP Notes. The General Manager is further authorized, in consultation with the City Attorney and the Director, to execute amendments to extend the term of either or both of the Revolving Loan Agreements for an aggregate period not exceeding 3 years from their respective expiration dates, provided that the annual facility fee payable to the Banks shall not exceed $2 million per year in the aggregate and the amendments shall otherwise comply with Section 3 hereof.

Delegation. The General Manager is authorized to delegate any of the responsibilities or duties set forth in this resolution to the Assistant General Manager, Business Services and Chief Financial Officer of the Commission.

Ratification. All actions heretofore taken by the officials, employees and agents of the Commission with respect to the replacement of the credit support for the Wastewater CP Program and the issuance and sale of the CP Notes are hereby approved, confirmed and ratified.

Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on February __, 2012, by the following vote:

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of January 24, 2012

Michael Housh

Secretary, Public Utilities Commission